

By

[Handwritten Signature]

S.J.R. No. 12

SENATE

A JOINT RESOLUTION

1 proposing a constitutional amendment to exempt from ad valorem
2 taxation certain tangible personal property temporarily located in
3 the state.

4 BE IT RESOLVED BY THE LEGISLATURE OF THE STATE OF TEXAS:

5 *Amended John Ann. H.C.*
SECTION 1. Article VIII, Section 1, of the Texas
6 Constitution is amended to read as follows:

7 Sec. 1. (a) Taxation shall be equal and uniform.

8 (b) All real property and tangible personal property in this
9 State, unless exempt as required or permitted by this constitution,
10 whether owned by natural persons or corporations, other than
11 municipal, shall be taxed in proportion to its value, which shall
12 be ascertained as may be provided by law.

13 (c) The Legislature may provide for the taxation of
14 intangible property and may also impose occupation taxes, both upon
15 natural persons and upon corporations, other than municipal, doing
16 any business in this State. It may also tax incomes of both
17 natural persons and corporations other than municipal, except that
18 persons engaged in mechanical and agricultural pursuits shall never
19 be required to pay an occupation tax.

20 (d) The Legislature by general law shall exempt household
21 goods not held or used for the production of income and personal
22 effects not held or used for the production of income, and the
23 Legislature by general law may exempt all or part of the personal
24 property homestead of a family or single adult, "personal property

3/4/81
5/1/81

1 homestead" meaning that personal property exempt by law from forced
2 sale for debt, from ad valorem taxation.

3 (e) Tangible personal property consisting of goods, wares,
4 merchandise, or ores, other than oil, gas, and other petroleum
5 products, is exempt from ad valorem taxation if:

6 (1) the property is transported from outside this state into
7 this state to be forwarded outside this state, whether or not the
8 intention to forward the property outside this state was formed or
9 the destination outside this state to which the property is
10 forwarded was specified when the transportation of the property
11 into this state began;

12 (2) the property is detained in this state for assembling,
13 storing, manufacturing, processing, or fabricating purposes; and

14 (3) the property is not located in this state for more than
15 175 days.

16 (f) The occupation tax levied by any county, city or town
17 for any year on persons or corporations pursuing any profession or
18 business, shall not exceed one half of the tax levied by the State
19 for the same period on such profession or business.

20 SECTION 2. This proposed constitutional amendment shall be
21 submitted to the voters at an election to be held November 3, 1987.
22 The ballot shall be printed to provide for voting for or against
23 the proposition: "The constitutional amendment to exempt from ad
24 valorem taxation certain property located in the state for a
25 temporary period for manufacturing and other purposes."

By: McFarland S.J.R. No. 12
(In the Senate - Filed January 27, 1987; January 27, 1987,
read first time and referred to Committee on Finance;
March 4, 1987, reported favorably by the following vote: Yeas 8,
Nays 1; March 4, 1987, sent to printer.)

COMMITTEE VOTE

	Yea	Nay	PNV	Absent
Jones	x			
Glasgow	x			
Blake				x
Brooks				x
Caperton				x
Farabee	x			
Harris				x
Krier	x			
McFarland	x			
Montford	x			
Parker	x			
Santiesteban	x			
Truan		x		

SENATE JOINT RESOLUTION

proposing a constitutional amendment to exempt from ad valorem
taxation certain tangible personal property temporarily located in
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Legislature by general law may exempt all or part of the personal
property homestead of a family or single adult, "personal property
homestead" meaning that personal property exempt by law from forced
sale for debt, from ad valorem taxation.

(e) Tangible personal property consisting of goods, wares,
merchandise, or ores, other than oil, gas, and other petroleum
products, is exempt from ad valorem taxation if:

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this State to be forwarded outside this State, whether or not the
intention to forward the property outside this State was formed or
the destination outside this State to which the property is
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into this State began;

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storing, manufacturing, processing, or fabricating purposes; and

(3) the property is not located in this State for more than
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1 The ballot shall be printed to provide for voting for or against
2 the proposition: "The constitutional amendment to exempt from ad
3 valorem taxation certain property located in the state for a
4 temporary period for manufacturing and other purposes."

5 * * * * *

6 Austin, Texas
7 March 4, 1987

8 Hon. William P. Hobby
9 President of the Senate

10 Sir:

11 We, your Committee on Finance to which was referred S.J.R. No. 12,
12 have had the same under consideration, and I am instructed to
13 report it back to the Senate with the recommendation that it do
14 pass and be printed.

15 Jones, Chairman

SENATE FAVORABLE COMMITTEE REPORT

Lt. Governor William P. Hobby
President of the Senate

3-4-87
(date)/(time)

Sir:

We, your Committee on FINANCE to which was referred
HR 12 by McFarland have on 3-3, 19 87, had the same
(measure) (sponsor) (hearing date)

under consideration and I am instructed to report it back with the recommendation (s) that it

☒ do pass and be printed

☐ do pass and be ordered not printed

☐ and is recommended for placement on the Local and Uncontested Bills Calendar.

A fiscal note was requested. ☒ yes ☐ no

A revised fiscal note was requested. ☐ yes ☒ no

An actuarial analysis was requested. ☐ yes ☒ no

Considered by subcommittee. ☐ yes ☒ no

Senate Sponsor of House Measure _____

The measure was reported from Committee by the following vote:

	YEA	NAY	PNV	ABSENT
Jones, Chairman	<input checked="" type="checkbox"/>			
Glasgow, Vice Chairman	<input checked="" type="checkbox"/>			
Blake				<input checked="" type="checkbox"/>
Brooks				<input checked="" type="checkbox"/>
Caperton				<input checked="" type="checkbox"/>
Farabee	<input checked="" type="checkbox"/>			
Harris				<input checked="" type="checkbox"/>
Krier	<input checked="" type="checkbox"/>			
McFarland	<input checked="" type="checkbox"/>			
Montford	<input checked="" type="checkbox"/>			
Parker	<input checked="" type="checkbox"/>			
Santiesteban	<input checked="" type="checkbox"/>			
Truan		<input checked="" type="checkbox"/>		
TOTAL VOTES	8	1		4

Jerry Anderson
COMMITTEE CLERK

Grant Jones
CHAIRMAN

Paper clip the original and one copy of this form to the original bill and retain one copy for your file.

LEGISLATIVE BUDGET BOARD

Austin, Texas

FISCAL NOTE

March 2, 1987

TO: Honorable Grant Jones, Chairman In Re: Senate Joint Resolution No. 12
Committee on Finance By: McFarland
Senate Chamber
Austin, Texas

FROM: Jim Oliver, Director

In response to your request for a Fiscal Note on Senate Joint Resolution No. 12 (proposing a constitutional amendment to exempt from ad valorem taxation certain tangible personal property temporarily located in the state) this office has determined the following:

The Texas Constitution states that all real and personal property in the State shall be taxed according to its value and provides that laws exempting property other than that mentioned therein are null and void.

The Tax Code provides that the State generally has the power to tax personal property if it is in the state for more than a temporary period, normally here but temporarily outside the State on January 1, or continually used in the State. The Code also provides an exception to this rule for goods, wares, ores other than oil, gas, and petroleum products, and merchandise that are in interstate commerce (and therefore exempt under Federal law) or that are in the state for only a temporary period. The Code defines this temporary period to be no more than 175 days.

In a recent case (Dallas County Appraisal District v. L. D. Brinkman and Company, 701 S.W. 2d 20, Tex. App.--Dallas 1985, writ ref'd n.r.e.) the court declared this exception unconstitutional since the Texas Constitution does not expressly provide for any exemption. The court also ruled that the goods covered by the exception were not exempt under Federal law since, in order to be exempt, they would have to be moving in interstate transit or stopped temporarily in the State for reasons unrelated to manufacturing, assembly, storage, and the other exempt processes listed in the Tax Code.

The resolution would amend the Texas Constitution to provide a self-enacting exemption for tangible personal property consisting of goods, wares, merchandise, and ores (other than oil, gas, and petroleum products) if the property originated and is eventually destined out of state, regardless of the intention when the property began its journey into the State, if it remains in Texas for 175 days or less to be assembled, stored, manufactured, processed, or fabricated. The resolution would be submitted to voters on November 3, 1987.

The cost of publication of the resolution to the State is estimated to be \$45,000 in fiscal year 1988.

Appraisal districts containing "freeport" property that might be exempt would experience a reduction in the value of their tax base and a corresponding reduction in tax revenues. It is difficult to estimate the amount of such property on a statewide basis and even more difficult to estimate the potential loss in tax levies. However, a survey of the ten appraisal districts that are likely to have the most "freeport" property in Texas revealed the potential taxable value reductions shown below.

Estimates of Taxable Value Reductions Selected Appraisal Districts

Harris County	\$2,123,000,000
Nueces County	150,000,000
El Paso County	200,000,000
Potter--Randall Counties	38,551,800
Jefferson County	851,000,000
Wichita County	82,000,000

Dallas County	Data not available
Tarrant County	1,700,000,000
Cameron County	<u>25,000,000</u>
Total	\$5,169,551,800

Taxing units would experience a decrease in property tax revenue as a result of the resolution's proposals. The revenue loss among the taxing units in the nine county appraisal districts listed above would probably exceed \$70 million annually. However, since "freeport" property is not evenly distributed among all taxing units and since data on this type of property is not readily available, the amount of the statewide revenue loss cannot be determined.

Additionally, appraisal districts with significant amounts of "freeport" property would experience a savings as a result of not having to prepare and maintain appraisal records of such property. These savings would be offset, and possible exceeded, by the increased costs associated with conducting investigations to distinguish between "freeport" and "non-freeport" property. The amount of these savings and additional costs cannot be determined.

Similar annual fiscal implications would continue as long as the provisions of the resolution are in effect.

No fiscal implication to the State is anticipated.

Source: State Property Tax Board; Texas Economic Development Commission;
Secretary of State; LBB Staff: JO, HES, JWH, AM, LV

BILL ANALYSIS

By: McFarland

S.J.R. 12

BACKGROUND

Article VIII, Section 1, of the Texas Constitution requires that real and personal tangible property be subject to the ad valorem tax. Property brought into the state temporarily is subject to taxation under the Constitution.

PURPOSE

The resolution would exempt from property taxation personal property brought into the state for not more than 175 days and used for assembling, manufacturing, processing, or fabricating purposes.

RULEMAKING AUTHORITY

None.

SECTION-BY-SECTION ANALYSIS

SECTION 1. Amends Article VIII, Section 1, of the Texas Constitution to exempt tangible property consisting of goods, wares, merchandise, or ores, other than petroleum products from the ad valorem tax if: the property is transported into the state to be forwarded out of the state; the property is detained in the state for assembling, storing, manufacturing, processing, or fabricating purposes; and the property is not located in the state for more than 175 days.

SECTION 2. Amendment submitted to voters November 3, 1987.

Committee on Finance

02/26/87/

RS/kf

Resolving Clause

AMEND THE ~~CAPTION~~ TO CONFORM

TO THE BODY OF THE BILL

ADOPTED

MAY 1 1987

Betty King
Secretary of the Senate

ADOPTED

MAY 1 1987

Betty King
Secretary of the Senate

AMENDMENT NO. 1

BY *McFarland*

1 Amend S.J.R. 12 by striking all below the resolving clause
2 and substituting the following:

3 SECTION 1. Article VIII, Section 1, of the Texas
4 Constitution is amended to read as follows:

5 Sec. 1. (a) Taxation shall be equal and uniform.

6 (b) All real property and tangible personal property in this
7 State, unless exempt as required or permitted by this constitution,
8 whether owned by natural persons or corporations, other than
9 municipal, shall be taxed in proportion to its value, which shall
10 be ascertained as may be provided by law.

11 (c) The Legislature may provide for the taxation of
12 intangible property and may also impose occupation taxes, both upon
13 natural persons and upon corporations, other than municipal, doing
14 any business in this State. It may also tax incomes of both
15 natural persons and corporations other than municipal, except that
16 persons engaged in mechanical and agricultural pursuits shall never
17 be required to pay an occupation tax.

18 (d) The Legislature by general law shall exempt household
19 goods not held or used for the production of income and personal
20 effects not held or used for the production of income, and the
21 Legislature by general law may exempt all or part of the personal
22 property homestead of a family or single adult, "personal property
23 homestead" meaning that personal property exempt by law from forced
24 sale for debt, from ad valorem taxation.

*Replaced by
conference report*
1

*How Am. #10
5/1/87*

1 (e) To promote economic development in this State, tangible
2 personal property consisting of goods, wares, merchandise, or ores,
3 other than oil, gas, and other petroleum products, is exempt from
4 ad valorem taxation if:

5 (1) the property is transported from outside this State into
6 this State to be forwarded outside this State, whether or not the
7 intention to forward the property outside this State was formed or
8 the destination outside this State to which the property is
9 forwarded was specified when the transportation of the property
10 into this State began;

11 (2) the property is detained in this State for assembling,
12 storing, manufacturing, processing, or fabricating purposes; and

13 (3) the property is not located in this State for more than
14 175 days.

15 (f) Tangible personal property described by Subsection (e) of
16 this section is not exempt from taxation by a county, school
17 district, or municipality if the governing bodies of the county,
18 school district, and any municipality in which such property is
19 located take official action before January 1, 1988, to provide for
20 the taxation of all or a percentage of the appraised value of such
21 property. To be effective, the actions of the county, school
22 district, and municipality in which such property is located must
23 contain the same provisions relating to the percentage of the
24 appraised value of such property that is to be subject to taxation.
25 After January 1, 1988, by official action of the governing body, a
26 county, school district, or municipality may rescind its action
27 taken before that date providing for the taxation of such property.
In that event, such property becomes exempt from taxation by the

rescinding county, school district, or municipality in each tax year beginning thereafter and, if the governing body so provides, in the current tax year.

(g) The occupation tax levied by any county, city or town for any year on persons or corporations pursuing any profession or business, shall not exceed one half of the tax levied by the State for the same period on such profession or business.

SECTION 2. This proposed constitutional amendment shall be submitted to the voters at an election to be held November 3, 1987. The ballot shall be printed to provide for voting for or against the proposition: "The constitutional amendment providing for the exemption from ad valorem taxation of certain property located in the state for a temporary period for manufacturing and other purposes."

May 1 1987 Engrossed
Patsy Graw
Engrossing Clerk

I certify that the attached is a true and correct
copy of SJR. 12 which was
received from the Senate on MAY 4 1987
and referred to the Committee on Wayne Means
Deputy Secretary
Chief Clerk of the House

1987 MAY -5 PM 3:18

By: McFarland
(Berlanga)

S.J.R. No. 12

SENATE JOINT RESOLUTION

proposing a constitutional amendment to exempt from ad valorem
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homestead" meaning that personal property exempt by law from forced sale for debt, from ad valorem taxation.

(e) To promote economic development in this State, tangible personal property consisting of goods, wares, merchandise, or ores, other than oil, gas, and other petroleum products, is exempt from ad valorem taxation if:

(1) the property is transported from outside this State into this State to be forwarded outside this State, whether or not the intention to forward the property outside this State was formed or the destination outside this State to which the property is forwarded was specified when the transportation of the property into this State began;

(2) the property is detained in this State for assembling, storing, manufacturing, processing, or fabricating purposes; and

(3) the property is not located in this State for more than 175 days.

(f) Tangible personal property described by Subsection (e) of this section is not exempt from taxation by a county, school district, or municipality if the governing bodies of the county, school district, and any municipality in which such property is located take official action before January 1, 1988, to provide for the taxation of all or a percentage of the appraised value of such property. To be effective, the actions of the county, school district, and municipality in which such property is located must contain the same provisions relating to the percentage of the appraised value of such property that is to be subject to taxation.

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2 county, school district, or municipality may rescind its action
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4 In that event, such property becomes exempt from taxation by the
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LEGISLATIVE BUDGET BOARD

Austin, Texas

FISCAL NOTE

REVISED
April 7, 1987

TO: Honorable Grant Jones, Chairman In Re: Senate Joint Resolution No. 12
Committee on Finance By: McFarland
Senate Chamber
Austin, Texas

FROM: Jim Oliver, Director

In response to your request for a Fiscal Note on Senate Joint Resolution No. 12 (proposing a constitutional amendment to exempt from ad valorem taxation certain tangible personal property temporarily located in the state) this office has determined the following:

The Texas Constitution states that all real and personal property in the State shall be taxed according to its value and provides that laws exempting property other than that mentioned therein are null and void.

The Tax Code provides that the State generally has the power to tax personal property if it is in the state for more than a temporary period, normally here but temporarily outside the State on January 1, or continually used in the State. The Code also provides an exception to this rule for goods, wares, ores other than oil, gas, and petroleum products, and merchandise that are in interstate commerce (and therefore exempt under Federal law) or that are in the state for only a temporary period. The Code defines this temporary period to be no more than 175 days.

A number of local taxing jurisdictions regarded the statute as unconstitutional and appraised property, and levied and collected taxes on property covered by the statute. Taxpayers generally paid the taxes levied, but the matter finally was taken to court.

In a recent case (Dallas County Appraisal District v. L. D. Brinkman and Company, 701 S.W. 2d 20, Tex. App.--Dallas 1985, writ ref'd n.r.e.), the court declared this exception unconstitutional since the Texas Constitution does not expressly provide for any exemption. The court also ruled that the goods covered by the exception were not exempt under Federal law since, in order to be exempt, they would have to be moving in interstate transit or stopped temporarily in the State for reasons unrelated to manufacturing, assembly, storage, and the other exempt processes listed in the Tax Code.

The resolution would amend the Texas Constitution to provide a self-enacting exemption for tangible personal property consisting of goods, wares, merchandise, and ores (other than oil, gas, and petroleum products) if the property originated and is eventually destined out of state, regardless of the intention when the property began its journey into the State, if it remains in Texas for 175 days or less to be assembled, stored, manufactured, processed, or fabricated.

Administrative costs would be increased somewhat for local units currently receiving revenue from taxing "freeport" property, should the proposed amendment be adopted, because they would need to distinguish between "freeport" and "non-freeport" property.

Local units currently receiving revenue from taxing "freeport" property would experience a reduction in tax revenues should the proposed amendment be adopted. The revenue could be replaced by a related increase in tax rates, thereby shifting the tax burden to other property owners. The amount of such revenue cannot be estimated because of lack of data. Other jurisdictions which were allowing exemptions, would have potential revenue gain from the courts ruling, but these amounts of potential gain cannot be estimated with reasonable accuracy.

Developing an estimate of the dollar amount of revenue that would be lost to local governments is difficult, because the appraisal districts that have been putting the property on the tax rolls have not segregated "freeport" values from other inventory values. However, they are reasonably well informed as to which taxpayers have such property included in their renditions of personal property.

The resolution would be submitted to voters on November 3, 1987. The cost of publication of the resolution to the State is estimated to be \$45,000 in fiscal year 1988. No additional fiscal implication to the State government is anticipated.

Source: State Property Tax Board; Texas Economic Development Commission; Secretary of State; LBB Staff: JO, HES, JWH, AM, AF

LEGISLATIVE BUDGET BOARD

Austin, Texas

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Similar annual fiscal implications would continue as long as the provisions of the resolution are in effect.

No fiscal implication to the State is anticipated.

Source: State Property Tax Board; Texas Economic Development Commission;
Secretary of State; LBB Staff: JO, HES, JWH, AM, LV

HOUSE COMMITTEE REPORT

1st Printing

By: McFarland
(Berlanga)

S.J.R. No. 12

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26 appraised value of such property that is to be subject to taxation.

1 After January 1, 1988, by official action of the governing body, a
2 county, school district, or municipality may rescind its action
3 taken before that date providing for the taxation of such property.
4 In that event, such property becomes exempt from taxation by the
5 rescinding county, school district, or municipality in each tax
6 year beginning thereafter and, if the governing body so provides,
7 in the current tax year.

8 (g) The occupation tax levied by any county, city or town
9 for any year on persons or corporations pursuing any profession or
10 business, shall not exceed one half of the tax levied by the State
11 for the same period on such profession or business.

12 SECTION 2. This proposed constitutional amendment shall be
13 submitted to the voters at an election to be held November 3, 1987.
14 The ballot shall be printed to provide for voting for or against
15 the proposition: "The constitutional amendment providing for the
16 exemption from ad valorem taxation of certain property located in
17 the state for a temporary period for manufacturing and other
18 purposes."

COMMITTEE REPORT

The Honorable Gib Lewis
Speaker of the House of Representatives

5-20-87
(date)

Sir:

We, your COMMITTEE ON WAYS & MEANS,

to whom was referred SJR 12 have had the same under consideration and beg to report
(measure)
back with the recommendation that it

- ☒ do pass, without amendment.
☐ do pass, with amendment(s).
☐ do pass and be not printed; a Complete Committee Substitute is recommended in lieu of the original measure.

A fiscal note was requested. ☒ yes ☐ no An actuarial analysis was requested. ☐ yes ☒ no

An author's fiscal statement was requested. ☐ yes ☒ no

The Committee recommends that this measure be placed on the Legislative Calendar.

This measure ☐ proposes new law. ☒ amends existing law.

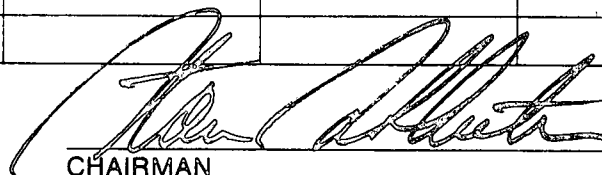
House Sponsor of Senate Measure Berlanga

The measure was reported from Committee by the following vote:

	AYE	NAY	PNV	ABSENT
Schlueter, Ch.				<input checked="" type="checkbox"/>
Morales, V.C.	<input checked="" type="checkbox"/>			
Geistweidt, C.B.O.				<input checked="" type="checkbox"/>
Berlanga	<input checked="" type="checkbox"/>			
Craddick	<input checked="" type="checkbox"/>			
Earley	<input checked="" type="checkbox"/>			
Evans, L.	<input checked="" type="checkbox"/>			
Hackney	<input checked="" type="checkbox"/>			
Hilbert	<input checked="" type="checkbox"/>			
Luna, A.	<input checked="" type="checkbox"/>			
McDonald	<input checked="" type="checkbox"/>			
Wilson	<input checked="" type="checkbox"/>			
Wolens				<input checked="" type="checkbox"/>

Total

10 aye
0 nay
0 present, not voting
3 absent


CHAIRMAN


COMMITTEE COORDINATOR

BILL ANALYSIS

Committee on
Ways and Means

SJR 12
by McFarland
(Berlanga)

BACKGROUND:

The Texas Constitution states that all real and personal property in the state shall be taxed according to its value and provides that laws exempting property other than that mentioned therein are null and void.

The Tax Code provides that the state generally has the power to tax personal property if it is in the state for more than a temporary period, normally here but temporarily outside the state on January 1, or continually used in the state. The Code also provides an exception to this rule for goods, wares, ores other than oil, gas, and petroleum products, and merchandise that are in interstate commerce (and therefore exempt under federal law) or that are in the state for only a temporary period. The Code defines this temporary period to be no more than 175 days.

A number of local taxing jurisdictions regarded the statute as unconstitutional and appraised property, and levied and collected taxes on property covered by the statute. Taxpayers generally paid the taxes levied, but the matter was finally taken to court.

In a recent case (Dallas County Appraisal District v, L.D. Brinkman and Company, 701 S.W. 2d 20, Tex. App.--Dallas 1985), the court declared this exception unconstitutional since the Texas Constitution does not expressly provide the exemption. The court also ruled that the goods covered by the exception were not exempt under Federal law since, in order to be exempt, they would have to be moving in interstate transit or stopped temporarily in the state for reasons unrelated to manufacturing, assembly, storage, and the other exempt processes listed in the Tax Code.

PURPOSE:

To provide an ad valorem tax exemption for certain items temporarily located in the state for manufacturing purposes.

SECTION BY SECTION ANALYSIS:

Section 1. Amends Article VIII, Section 1, Texas Constitution, a self-enacting exemption for tangible personal property consisting of goods, wares, merchandise, and ores (other than oil, gas and petroleum products) if the property originated and is eventually destined out of state, regardless of the intention when property began its journey into the state, if it remains in Texas for 175 days or less to be assembled, stored, manufactured, processed, or fabricated. If all the taxing units of a county agree by January 1 not to provide the exemption, the goods are taxable.

Section 2. To be submitted to the voters November 3, 1987.

RULEMAKING AUTHORITY:

It is the Committee's opinion that this bill does not delegate any new rulemaking authority to a state agency, officer, department or institution.

SUMMARY OF COMMITTEE ACTION:

S.J.R. 12 was substituted without objection for its companion, H.J.R. 84 which was posted for consideration in a public hearing on 5-05-87. Public testimony was taken on S.J.R. 12 after it was substituted for the companion. Testifying in favor of the bill were Ace Pickens, TexTrade, Inc; Ronnie Volkening, Texas Association of Business, and Johnny Johnson, Texas State Chamber of Commerce. Testifying in opposition to the bill were Sam Seale, Texas Association of Counties, and Jane Morrell, Texas Municipal League. The bill was left pending at that hearing. Pursuant to an announcement from the House Floor, the bill was considered in a formal meeting on 5-20-87. Representative Wilson sent up committee amendment #1 which failed to pass by a vote of 4 ayes, 4 nays, 2 PNV, with 3 absent. The motion to report the bill favorably without amendment carried by a vote of 10 ayes, 0 nays, 0 PNV, with 3 absent.

LEGISLATIVE BUDGET BOARD

Austin, Texas

FISCAL NOTE

May 12, 1987

TO: Honorable Stan Schlueter, Chair In Re: Senate Joint Resolution No. 12,
Committee on Ways and Means as engrossed
House of Representatives By: McFarland
Austin, Texas

FROM: Jim Oliver, Director

In response to your request for a Fiscal Note on Senate Joint Resolution No. 12, as engrossed (proposing a constitutional amendment to exempt from ad valorem taxation certain tangible personal property temporarily located in the state) this office has determined the following:

The Texas Constitution states that all real and personal property in the State shall be taxed according to its value and provides that laws exempting property other than that mentioned therein are null and void.

The Tax Code provides that the State generally has the power to tax personal property if it is in the state for more than a temporary period, normally here but temporarily outside the State on January 1, or continually used in the State. The Code also provides an exception to this rule for goods, wares, ores other than oil, gas, and petroleum products, and merchandise that are in interstate commerce (and therefore exempt under federal law) or that are in the state for only a temporary period. The Code defines this temporary period to be no more than 175 days.

A number of local taxing jurisdictions regarded the statute as unconstitutional and appraised property, and levied and collected taxes on property covered by the statute. Taxpayers generally paid the taxes levied, but the matter finally was taken to court.

In a recent case (Dallas County Appraisal District v. L. D. Brinkman and Company, 701 S.W. 2d 20, Tex. App.--Dallas 1985, writ ref'd n.r.e.), the court declared this exception unconstitutional since the Texas Constitution does not expressly provide for any exemption. The court also ruled that the goods covered by the exception were not exempt under federal law since, in order to be exempt, they would have to be moving in interstate transit or stopped temporarily in the State for reasons unrelated to manufacturing, assembly, storage, and the other exempt processes listed in the Tax Code.

The resolution would amend the Texas Constitution to provide a self-enacting exemption for tangible personal property consisting of goods, wares, merchandise, and ores (other than oil, gas, and petroleum products) if the property originated and is eventually destined out of state, regardless of the intention when the property began its journey into the State, if it remains in Texas for 175 days or less to be assembled, stored, manufactured, processed, or fabricated.

The proposed amendment would authorize the governing body of a county, school district or municipality to prevent the exemption of the tangible personal property which is the subject of the proposal by taking official action before January 1, 1988, to provide for the taxation of all or a percentage of the appraised value of such property. After January 1, 1988, a governing body may rescind its action and such property would become exempt from taxation by the rescinding governmental unit.

4

Local units currently receiving revenue from taxing "freeport" property would experience a reduction in tax revenues should the proposed amendment be adopted and the local governing body not act to prevent the exemption. The revenue could be replaced by a related increase in tax rates, thereby shifting the tax burden to other property owners. The amount of such revenue cannot be estimated because of lack of data. Other jurisdictions which were allowing exemptions, would have potential revenue gain from the court's ruling, but these amounts of potential gain cannot be estimated with reasonable accuracy.

It is difficult to estimate the dollar amount of revenue that would be lost to local governments that would fail to act within the time set in the proposal because the appraisal districts that have been putting the property on the tax rolls have not segregated "freeport" values from other inventory values.

The resolution would be submitted to voters on November 3, 1987. The cost of publication of the resolution to the State is estimated to be \$45,000 in fiscal year 1988. No additional fiscal implication to the State government is anticipated.

Source: State Property Tax Board; Texas Economic Development Commission;
Secretary of State; LBB Staff: JO, HES, JWH, AM, AF

3

LEGISLATIVE BUDGET BOARD

Austin, Texas

FISCAL NOTE

REVISED
April 7, 1987

TO: Honorable Grant Jones, Chairman In Re: Senate Joint Resolution No. 12
Committee on Finance By: McFarland
Senate Chamber
Austin, Texas

FROM: Jim Oliver, Director

In response to your request for a Fiscal Note on Senate Joint Resolution No. 12 (proposing a constitutional amendment to exempt from ad valorem taxation certain tangible personal property temporarily located in the state) this office has determined the following:

The Texas Constitution states that all real and personal property in the State shall be taxed according to its value and provides that laws exempting property other than that mentioned therein are null and void.

The Tax Code provides that the State generally has the power to tax personal property if it is in the state for more than a temporary period, normally here but temporarily outside the State on January 1, or continually used in the State. The Code also provides an exception to this rule for goods, wares, ores other than oil, gas, and petroleum products, and merchandise that are in interstate commerce (and therefore exempt under Federal law) or that are in the state for only a temporary period. The Code defines this temporary period to be no more than 175 days.

A number of local taxing jurisdictions regarded the statute as unconstitutional and appraised property, and levied and collected taxes on property covered by the statute. Taxpayers generally paid the taxes levied, but the matter finally was taken to court.

In a recent case (Dallas County Appraisal District v. L. D. Brinkman and Company, 701 S.W. 2d 20, Tex. App.--Dallas 1985, writ ref'd n.r.e.), the court declared this exception unconstitutional since the Texas Constitution does not expressly provide for any exemption. The court also ruled that the goods covered by the exception were not exempt under Federal law since, in order to be exempt, they would have to be moving in interstate transit or stopped temporarily in the State for reasons unrelated to manufacturing, assembly, storage, and the other exempt processes listed in the Tax Code.

The resolution would amend the Texas Constitution to provide a self-enacting exemption for tangible personal property consisting of goods, wares, merchandise, and ores (other than oil, gas, and petroleum products) if the property originated and is eventually destined out of state, regardless of the intention when the property began its journey into the State, if it remains in Texas for 175 days or less to be assembled, stored, manufactured, processed, or fabricated.

Administrative costs would be increased somewhat for local units currently receiving revenue from taxing "freeport" property, should the proposed amendment be adopted, because they would need to distinguish between "freeport" and "non-freeport" property.

Local units currently receiving revenue from taxing "freeport" property would experience a reduction in tax revenues should the proposed amendment be adopted. The revenue could be replaced by a related increase in tax rates, thereby shifting the tax burden to other property owners. The amount of such revenue cannot be estimated because of lack of data. Other jurisdictions which were allowing exemptions, would have potential revenue gain from the courts ruling, but these amounts of potential gain cannot be estimated with reasonable accuracy.

6

Developing an estimate of the dollar amount of revenue that would be lost to local governments is difficult, because the appraisal districts that have been putting the property on the tax rolls have not segregated "freeport" values from other inventory values. However, they are reasonably well informed as to which taxpayers have such property included in their renditions of personal property.

The resolution would be submitted to voters on November 3, 1987. The cost of publication of the resolution to the State is estimated to be \$45,000 in fiscal year 1988. No additional fiscal implication to the State government is anticipated.

Source: State Property Tax Board; Texas Economic Development Commission;
Secretary of State; LBB Staff: JO, HES, JWH, AM, AF

LEGISLATIVE BUDGET BOARD

Austin, Texas

FISCAL NOTE

March 2, 1987

TO: Honorable Grant Jones, Chairman In Re: Senate Joint Resolution No. 12
Committee on Finance By: McFarland
Senate Chamber
Austin, Texas

FROM: Jim Oliver, Director

In response to your request for a Fiscal Note on Senate Joint Resolution No. 12 (proposing a constitutional amendment to exempt from ad valorem taxation certain tangible personal property temporarily located in the state) this office has determined the following:

The Texas Constitution states that all real and personal property in the State shall be taxed according to its value and provides that laws exempting property other than that mentioned therein are null and void.

The Tax Code provides that the State generally has the power to tax personal property if it is in the state for more than a temporary period, normally here but temporarily outside the State on January 1, or continually used in the State. The Code also provides an exception to this rule for goods, wares, ores other than oil, gas, and petroleum products, and merchandise that are in interstate commerce (and therefore exempt under Federal law) or that are in the state for only a temporary period. The Code defines this temporary period to be no more than 175 days.

In a recent case (Dallas County Appraisal District v. L. D. Brinkman and Company, 701 S.W. 2d 20, Tex. App.--Dallas 1985, writ ref'd n.r.e.) the court declared this exception unconstitutional since the Texas Constitution does not expressly provide for any exemption. The court also ruled that the goods covered by the exception were not exempt under Federal law since, in order to be exempt, they would have to be moving in interstate transit or stopped temporarily in the State for reasons unrelated to manufacturing, assembly, storage, and the other exempt processes listed in the Tax Code.

The resolution would amend the Texas Constitution to provide a self-enacting exemption for tangible personal property consisting of goods, wares, merchandise, and ores (other than oil, gas, and petroleum products) if the property originated and is eventually destined out of state, regardless of the intention when the property began its journey into the State, if it remains in Texas for 175 days or less to be assembled, stored, manufactured, processed, or fabricated. The resolution would be submitted to voters on November 3, 1987.

The cost of publication of the resolution to the State is estimated to be \$45,000 in fiscal year 1988.

Appraisal districts containing "freeport" property that might be exempt would experience a reduction in the value of their tax base and a corresponding reduction in tax revenues. It is difficult to estimate the amount of such property on a statewide basis and even more difficult to estimate the potential loss in tax levies. However, a survey of the ten appraisal districts that are likely to have the most "freeport" property in Texas revealed the potential taxable value reductions shown below.

Estimates of Taxable Value Reductions Selected Appraisal Districts

Harris County	\$2,123,000,000
Nueces County	150,000,000
El Paso County	200,000,000
Potter--Randall Counties	38,551,800
Jefferson County	851,000,000
Wichita County	82,000,000

Dallas County	Data not available
Tarrant County	1,700,000,000
Cameron County	<u>25,000,000</u>
Total	\$5,169,551,800

Taxing units would experience a decrease in property tax revenue as a result of the resolution's proposals. The revenue loss among the taxing units in the nine county appraisal districts listed above would probably exceed \$70 million annually. However, since "freeport" property is not evenly distributed among all taxing units and since data on this type of property is not readily available, the amount of the statewide revenue loss cannot be determined.

Additionally, appraisal districts with significant amounts of "freeport" property would experience a savings as a result of not having to prepare and maintain appraisal records of such property. These savings would be offset, and possible exceeded, by the increased costs associated with conducting investigations to distinguish between "freeport" and "non-freeport" property. The amount of these savings and additional costs cannot be determined.

Similar annual fiscal implications would continue as long as the provisions of the resolution are in effect.

No fiscal implication to the State is anticipated.

Source: State Property Tax Board; Texas Economic Development Commission;
Secretary of State; LBB Staff: JO, HES, JWH, AM, LV

3rd READING

Floor Amendment No. 1

By Beal

Amend Floor Amendment NO. 1 to S.J.R. 12 as adopted as follows:

(1) amend Section 1, Sec. 1(d) by striking all of same and substituting the following:

"(d) Personal property [~~the Legislature by general law shall exempt household goods~~] not held or used for the production of income, other than mobile homes, is exempt from ad valorem taxation [~~and personal effects not held or used for the production of income~~], and the Legislature by general law may exempt all or part of the personal property homestead of a family or single adult, "personal property homestead" meaning that personal property exempt by law from forced sale or debt, from ad valorem taxation.

(2) Amend Section 2 by striking and substituting the following:

SECTION 2. (a) The proposed constitutional amendment to Article VIII, Section 1, Subsection (d) shall be submitted to the voters in a separate ballot at an election to be held on November 3, 1987. This ballot shall be printed to provide for voting for or against the proposition: "The Constitutional Amendment to allow the Legislature to exempt from ad valorem taxation personal property not held or used for the production of income".

(b) The proposed constitutional amendment contained in Article VIII, Section 1, Section (a), (b), (c), (e) and (f) shall be submitted to the voters in a separate ballot at an election to be held on November 3, 1987. This ballot shall be printed to provide for voting for or against the proposition: "The constitutional amendment providing for the exemption from ad valorem taxation of certain property that is located in the state for only a temporary period of time."

ADOPTED

MAY 23 1987

Betty Munney
Chief Clerk
House of Representatives

ADOPTED

MAY 27 1987

Boyd Murray
Chief Clerk
House of Representatives

Floor Amendment No. ①

By Berlanga

Amend S.J.R. No. 12 by substituting the following:

SENATE JOINT RESOLUTION

proposing a constitutional amendment relating to the exemption from ad valorem taxation certain tangible personal property located in the state.

BE IT RESOLVED BY THE LEGISLATURE OF THE STATE OF TEXAS:

SECTION 1. That Article VIII, Section 1, of the Texas Constitution is amended to read as follows:

Sec. 1. (a) Taxation shall be equal and uniform.

(b) All real property and tangible personal property in this State, unless exempt as required or permitted by this Constitution, whether owned by natural persons or corporations, other than municipal, shall be taxed in proportion to its value, which shall be ascertained as may be provided by law.

(c) The Legislature may provide for the taxation of intangible property and may also impose occupation taxes, both upon natural persons and upon corporations, other than municipal, doing any business in this State. It may also tax incomes of both natural persons and corporations other than municipal, except that persons engaged in mechanical and agricultural pursuits shall never be required to pay an occupation tax.

(d) The Legislature by general law shall exempt household goods not held or used for the production of income and personal effects not held or used for the production of income, and the Legislature by general law may exempt all or part of

the personal property homestead of a family or single adult, "personal property homestead" meaning that personal property exempt by law from forced sale for debt, from ad valorem taxation.

(e) To promote economic development in the state, tangible personal property consisting of goods, wares, merchandise or ores, other than oil, gas, and other petroleum products, is exempt from ad valorem taxation if:

(1) the property is transported from outside this state into this State to be forwarded outside this State, whether or not the intention to forward the property outside this State was formed, or the destination outside this State to which the property is forwarded was specified when the transportation of the property into this state began;

(2) the property is detained in this State for assembling, storing, manufacturing, processing or fabrication purposes; and

(3) the property is not located or retained in this state for more than 175 days.

(f) Tangible personal property exempted from taxation in subsection (e) of this section is subject to the following:

(1) A county, school district or municipality, including a home-rule city, may tax such property, located in such political subdivision, if the governing body of such named political subdivision takes official action to provide for the taxation of all or a stated percentage of the appraised value of such property.

(2) The above official action to tax all or a percentage of the appraised value of such property must be taken by the governing body of such above named political subdivisions either before January 1, 1988, or before April 1, 1988. If such official action is taken before January 1, 1988, it shall be effective for the tax year 1988. However, if such official action is taken prior to April 1, 1988, but after January 1, 1988, the official action shall not become effective until January 1, 1989.

(3) If official action is taken to tax a stated percentage of the appraised value of such property, subject to this subsection, such property shall not thereafter be taxed by any above named political subdivisions at a higher percentage of the appraised value than was set in such official action. However, any such named political subdivisions may reduce such stated percentage of appraised value thereafter by official action.

(4) Any of the above named political subdivisions shall have the authority to exempt from the payment of taxation on such property located in such above named political subdivisions for the taxing year 1987.

(5) Any official action to tax such property may be rescinded by official action of any of such above named political subdivisions. In that event, such property located in such rescinding county, school district, or municipality shall be exempt from taxation in such above named political subdivision in each tax year beginning

thereafter, and, if the governing body of such above named political subdivision so provides in the tax year of such action.

(g) The occupation tax levied by any county, city or town for any year on persons or corporations pursuing any profession or business, shall not exceed one half of the tax levied by the State for the same period on such profession or business.

SECTION 2. This proposed constitutional amendment shall be submitted to the voters at an election to be held on November 3, 1987. The ballot shall be printed to provide for voting for or against the proposition. "The constitutional amendment providing for the exemption from ad valorem taxation of certain property that is located in the state for only a temporary period of time."

2420X

CONFERENCE COMMITTEE REPORT FORM

Austin, Texas

Date

Honorable William P. Hobby
President of the Senate

Honorable Gibson D. "Gib" Lewis
Speaker of the House of Representatives

Sir:

We, your Conference Committee, appointed to adjust the differences between the Senate and the House of Representatives on _____ have met and had the same under consideration, and beg to report it back with the recommendation that it do pass in the form and text hereto attached.

On the part of the Senate

Paper clip one of these forms to each of the following:
the original and two copies to the house of origin
three copies to the other house

MAY 31 1987

ADOPTED

29 yeas / nay / PNV
JUN 1 1987

Betty King
Secretary of the Senate

Read and filed with Secretary of Senate

CONFERENCE COMMITTEE REPORT

S.J.R. NO. 12

SENATE JOINT RESOLUTION

proposing a constitutional amendment relating to the exemption from ad valorem taxation certain tangible personal property located in the state.

BE IT RESOLVED BY THE LEGISLATURE OF THE STATE OF TEXAS:

SECTION 1. That Article VIII, Section 1, of the Texas Constitution is amended to read as follows:

Sec. 1. (a) Taxation shall be equal and uniform.

(b) All real property and tangible personal property in this State, unless exempt as required or permitted by this Constitution, whether owned by natural persons or corporations, other than municipal, shall be taxed in proportion to its value, which shall be ascertained as may be provided by law.

(c) The Legislature may provide for the taxation of intangible property and may also impose occupation taxes, both upon natural persons and upon corporations, other than municipal, doing any business in this State. It may also tax incomes of both natural persons and corporations other than municipal, except that persons engaged in mechanical and agricultural pursuits shall never be required to pay an occupation tax.

(d) The Legislature by general law shall exempt from ad valorem taxation household goods not held or used for the production of income and personal effects not held or used for the production of income. The (~~,--and--the~~) Legislature by general law may exempt from ad valorem taxation:

(1) all or part of the personal property homestead of a family or single adult, "personal property homestead" meaning that personal property exempt by law from forced sale for debt (~~,--from--ad-valorem taxation~~); and

(2) subject to Subsection (e) of this section, all other tangible personal property, except structures which are personal property and are used or occupied as residential dwellings and except property held or used for the production of income.

(e) The governing body of a political subdivision may provide for the taxation of all property exempt under a law adopted under Subsection (d)(2) of this section and not exempt from ad valorem taxation by any other law.

(f) To promote economic development in the state, tangible personal property consisting of goods, wares, merchandise or ores, other than oil, gas, and other petroleum products, is exempt from ad valorem taxation if:

(1) the property is transported from outside this state into this state to be forwarded outside this state, whether or not the intention to forward the property outside this state was formed, or the destination outside this state to which the property is forwarded was specified when the transportation of the property into this state began;

(2) the property is detained in this state for assembling, storing, manufacturing, processing or fabrication purposes; and

(3) the property is not located or retained in this state for more than 175 days.

(g) Tangible personal property exempted from taxation in subsection (f) of this section is subject to the following:

(1) A county, school district or municipality, including a home-rule city, may tax such property, located in such political subdivision, if the governing body of such named political subdivision takes official action to provide for the taxation of all or a stated percentage of the appraised value of such property.

(2) The above official action to tax all or a percentage of the appraised value of such property must be taken by the governing body of such above named political subdivisions either before

January 1, 1988, or before April 1, 1988. If such official action is taken before January 1, 1988, it shall be effective for the tax year 1988. However, if such official action is taken prior to April 1, 1988, but after January 1, 1988, the official action shall not become effective until January 1, 1989.

(3) If official action is taken to tax a stated percentage of the appraised value of such property, subject to this subsection, such property shall not thereafter be taxed by any above named political subdivisions at a higher percentage of the appraised value than was set in such official action. However, any such named political subdivisions may reduce such stated percentage of appraised value thereafter by official action.

(4) Any of the above named political subdivisions shall have the authority to exempt from the payment of taxation on such property located in such above named political subdivisions for the taxing year 1987.

(5) Any official action to tax such property may be rescinded by official action of any of such above named political subdivisions. In that event, such property located in such rescinding county, school district, or municipality shall be exempt from taxation in such above named political subdivision in each tax year beginning thereafter, and, if the governing body of such above named political subdivision so provides, in the tax year of such action.

(h) The occupation tax levied by any county, city or town for any year on persons or corporations pursuing any profession or business, shall not exceed one half of the tax levied by the state for the same period on such profession or business.

SECTION 2. (a) The proposed constitutional amendments to Article VIII, Section 1, Subsections (d) and (e) shall be submitted to the voters in a separate ballot at an election to be held on November 3, 1987. This ballot shall be printed to provide for

voting for or against the proposition: "The Constitutional Amendment to allow the Legislature to exempt from ad valorem taxation certain personal property not held or used for the production of income".

(b) The proposed constitutional amendment contained in Article VIII, Section 1, Subsections (a), (b), (c), (f), (g), and (h) shall be submitted to the voters in a separate ballot at an election to be held on November 3, 1987. This ballot shall be printed to provide for voting for or against the proposition: "The constitutional amendment providing for the exemption from ad valorem taxation of certain property that is located in the state for only a temporary period of time."

SJR-12 - A CONSTITUTIONAL AMENDMENT TO EXEMPT
FROM AD VALOREM TAXATION CERTAIN TANGIBLE PERSONAL PROPERTY

<u>Senate Version</u>	<u>House Version</u>	<u>Conference Committee</u>
Section 1. amends Article VIII, Sec. 1, of the Texas Constitution	Same	Senate version
Sec. 1.(a) Taxation shall be uniform	Same	Senate version
Sec. 1.(b) No change in existing constitutional language except adding: "unless exempt as required or permitted by this constitution".	Same	Senate version
Sec. 1.(c) No change in existing constitutional language.	Same	Senate version
Sec. 1.(d) No change in existing constitutional language.	provides that personal property not held or used for the production of income, other than mobile homes, is exempt from ad valorem taxation. The balance of existing constitutional language remains same.	Revised House version to provide that the Legislature may exempt from ad valorem taxation all tangible personal property except structures which are personal property and are used or occupied as residential dwellings and except property held or used for the production of income.
Sec. 1.(e) Provides that tangible personal property of goods, wares, merchandise or ores, other than oil, gas and other petroleum products, is exempt from ad valorem taxation if:	Same	Provides that the governing body of a political subdivision may provide for the taxation of all property exempt under a law adopted under Subsection (d) and not exempt from ad valorem taxation by any other law. (Sec. 1.(e) changed to Sec. 1.(f) in Conference Committee.)
(1) Such property is brought into Texas.		Senate version
(2) Such property is detained in this state for assembling, storing, manufacturing, processing or fabrication purposes, and		
(3) Such property is not located in this state for longer than 175 days.		
Sec. 1.(f) Permits a county, school district or municipality to tax the above property if all three entities vote to tax such property.	(a) Allows a county, school district or city to individually vote by official action to tax the property regardless of the action of the other entities. (b) Requires that the official action must be done before January 1, 1988, or April 1, 1988. (e) Allows a county, school district or city to tax such property at less than 100%. (f) Allows a county, school district or city to not tax such property for 1987. (g) Allows a county, school district or city to rescind their official action and not tax such property.	House version except moved to Sec. 1.(g)
Section 2. Provided for the ballot proposition on items in Sec. 1 (e) and (f) at election on November 3, 1987.	Provides that the items relating to --personal property not held for income production --free port property be voted on in November, 1987, on two separate ballots.	House version except numbers change to conform to changes in Conference Committee report.

CONFERENCE COMMITTEE REPORT FORM

Austin, Texas

May 30, 1987

Date

HOUSE OF REPRESENTATIVES

1987 MAY 31 PM 11:1

Honorable William P. Hobby
President of the Senate

Honorable Gibson D. "Gib" Lewis
Speaker of the House of Representatives


Sir:

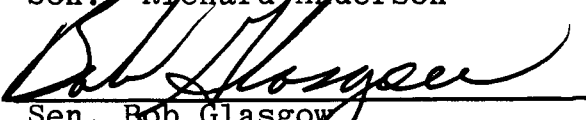
We, your Conference Committee, appointed to adjust the differences between the Senate and the House of Representatives on SJR 12 have met and had the same under consideration, and beg to report it back with the recommendation that it do pass in the form and text hereto attached.


Sen. Bob McFarland

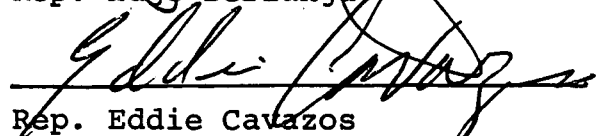

Sen. Carl Parker


Sen. John Montford

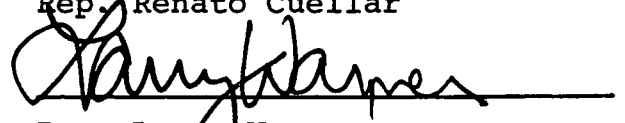

Sen. Richard Anderson

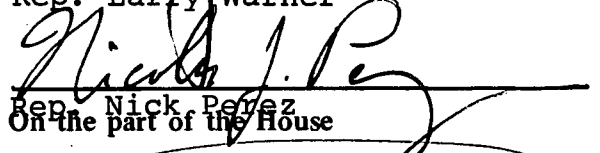

Sen. Bob Glasgow
On the part of the Senate


Rep. Hugo Berlanga


Rep. Eddie Cavazos

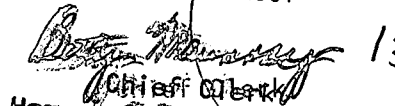

Rep. Renato Cuellar


Rep. Larry Warner


Rep. Nick Perez
On the part of the House

ADOPTED

JUN 1 1987


Chief Clerk
House of Representatives

by record vote
138 yeas 0 nays
2pm ✓

Paper clip one of these forms to each of the following:
the original and two copies to the house of origin
three copies to the other house

CONFERENCE COMMITTEE REPORT

S.J.R. NO. 12

SENATE JOINT RESOLUTION

proposing a constitutional amendment relating to the exemption from ad valorem taxation certain tangible personal property located in the state.

BE IT RESOLVED BY THE LEGISLATURE OF THE STATE OF TEXAS:

SECTION 1. That Article VIII, Section 1, of the Texas Constitution is amended to read as follows:

Sec. 1. (a) Taxation shall be equal and uniform.

(b) All real property and tangible personal property in this State, unless exempt as required or permitted by this Constitution, whether owned by natural persons or corporations, other than municipal, shall be taxed in proportion to its value, which shall be ascertained as may be provided by law.

(c) The Legislature may provide for the taxation of intangible property and may also impose occupation taxes, both upon natural persons and upon corporations, other than municipal, doing any business in this State. It may also tax incomes of both natural persons and corporations other than municipal, except that persons engaged in mechanical and agricultural pursuits shall never be required to pay an occupation tax.

(d) The Legislature by general law shall exempt from ad valorem taxation household goods not held or used for the production of income and personal effects not held or used for the production of income. The (~~,--and--the~~) Legislature by general law may exempt from ad valorem taxation:

(1) all or part of the personal property homestead of a family or single adult, "personal property homestead" meaning that personal property exempt by law from forced sale for debt (~~,--from-ad-valorem taxation~~); and

(2) subject to Subsection (e) of this section, all other tangible personal property, except structures which are personal property and are used or occupied as residential dwellings and except property held or used for the production of income.

(e) The governing body of a political subdivision may provide for the taxation of all property exempt under a law adopted under Subsection (d)(2) of this section and not exempt from ad valorem taxation by any other law.

(f) To promote economic development in the state, tangible personal property consisting of goods, wares, merchandise or ores, other than oil, gas, and other petroleum products, is exempt from ad valorem taxation if:

(1) the property is transported from outside this state into this state to be forwarded outside this state, whether or not the intention to forward the property outside this state was formed, or the destination outside this state to which the property is forwarded was specified when the transportation of the property into this state began;

(2) the property is detained in this state for assembling, storing, manufacturing, processing or fabrication purposes; and

(3) the property is not located or retained in this state for more than 175 days.

(g) Tangible personal property exempted from taxation in subsection (f) of this section is subject to the following:

(1) A county, school district or municipality, including a home-rule city, may tax such property, located in such political subdivision, if the governing body of such named political subdivision takes official action to provide for the taxation of all or a stated percentage of the appraised value of such property.

(2) The above official action to tax all or a percentage of the appraised value of such property must be taken by the governing body of such above named political subdivisions either before

January 1, 1988, or before April 1, 1988. If such official action is taken before January 1, 1988, it shall be effective for the tax year 1988. However, if such official action is taken prior to April 1, 1988, but after January 1, 1988, the official action shall not become effective until January 1, 1989.

(3) If official action is taken to tax a stated percentage of the appraised value of such property, subject to this subsection, such property shall not thereafter be taxed by any above named political subdivisions at a higher percentage of the appraised value than was set in such official action. However, any such named political subdivisions may reduce such stated percentage of appraised value thereafter by official action.

(4) Any of the above named political subdivisions shall have the authority to exempt from the payment of taxation on such property located in such above named political subdivisions for the taxing year 1987.

(5) Any official action to tax such property may be rescinded by official action of any of such above named political subdivisions. In that event, such property located in such rescinding county, school district, or municipality shall be exempt from taxation in such above named political subdivision in each tax year beginning thereafter, and, if the governing body of such above named political subdivision so provides, in the tax year of such action.

(h) The occupation tax levied by any county, city or town for any year on persons or corporations pursuing any profession or business, shall not exceed one half of the tax levied by the state for the same period on such profession or business.

SECTION 2. (a) The proposed constitutional amendments to Article VIII, Section 1, Subsections (d) and (e) shall be submitted to the voters in a separate ballot at an election to be held on November 3, 1987. This ballot shall be printed to provide for

voting for or against the proposition: "The Constitutional Amendment to allow the Legislature to exempt from ad valorem taxation certain personal property not held or used for the production of income".

(b) The proposed constitutional amendment contained in Article VIII, Section 1, Subsections (a), (b), (c), (f), (g), and (h) shall be submitted to the voters in a separate ballot at an election to be held on November 3, 1987. This ballot shall be printed to provide for voting for or against the proposition: "The constitutional amendment providing for the exemption from ad valorem taxation of certain property that is located in the state for only a temporary period of time."

SJ-12 - A CONSTITUTIONAL AMENDMENT TO EXEMPT
FROM AD VALOREM TAXATION CERTAIN TANGIBLE PERSONAL PROPERTY

Senate Version

House Version

Conference Committee

Section 1. amends Article VIII, Sec. 1, of the Texas Constitution

Same

Senate version

Sec. 1.(a) Taxation shall be uniform

Same

Senate version

Sec. 1.(b) No change in existing constitutional language except adding: "unless exempt as required or permitted by this constitution".

Same

Senate version

Sec. 1.(c) No change in existing constitutional language.

Same

Senate version

Sec. 1.(d) No change in existing constitutional language.

provides that personal property not held or used for the production of income, other than mobile homes, is exempt from ad valorem taxation. The balance of existing constitutional language remains same.

Revised House version to provide that the Legislature may exempt from ad valorem taxation all tangible personal property except structures which are personal property and are used or occupied as residential dwellings and except property held or used for the production of income.

Sec. 1.(e) Provides that tangible personal property of goods, wares, merchandise or ores, other than oil, gas and other petroleum products, is exempt from ad valorem taxation if:

Same

Provides that the governing body of a political subdivision may provide for the taxation of all property exempt under a law adopted under Subsection (d) and not exempt from ad valorem taxation by any other law.

(Sec. 1.(e) changed to Sec. 1.(f) in Conference Committee.)

(1) Such property is brought into Texas.

Senate version

(2) Such property is detained in this state for assembling, storing, manufacturing, processing or fabrication purposes, and

(3) Such property is not located in this state for longer than 175 days.

Sec. 1.(f) Permits a county, school district or municipality to tax the above property if all three entities vote to tax such property.

(a) Allows a county, school district or city to individually vote by official action to tax the property regardless of the action of the other entities.

House version except moved to Sec. 1.(g)

(b) Requires that the official action must be done before January 1, 1988, or April 1, 1988.

(e) Allows a county, school district or city to tax such property at less than 100%.

(f) Allows a county, school district or city to not tax such property for 1987.

(g) Allows a county, school district or city to rescind their official action and not tax such property.

Section 2. Provided for the ballot proposition on items in Sec. 1 (e) and (f) at election on November 3, 1987.

Provides that the items relating to
--personal property not held for income production
--free port property
be voted on in November, 1987, on two separate ballots.

House version except numbers change to conform to changes in Conference Committee report.

CONFERENCE COMMITTEE REPORT FORM

Austin, Texas

May 30, 1987

Date

HOUSE OF REPRESENTATIVES

1987 MAY 31 PM 11:1

Honorable William P. Hobby
President of the Senate

Honorable Gibson D. "Gib" Lewis
Speaker of the House of Representatives

Sir:


We, your Conference Committee, appointed to adjust the differences between the Senate and the House of Representatives on SJR 12 have met and had the same under consideration, and beg to report it back with the recommendation that it do pass in the form and text hereto attached.


Sen. Bob McFarland

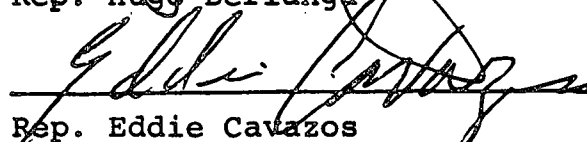

Sen. Carl Parker



Sen. John Montford

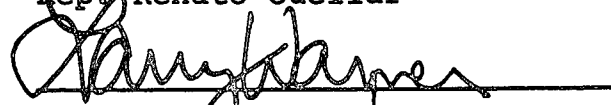

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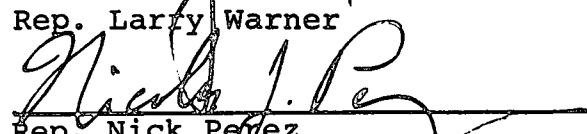

Sen. Bob Glasgow
On the part of the Senate


Rep. Hugo Berlanga


Rep. Eddie Cavazos


Rep. Renato Cuellar


Rep. Larry Warner


Rep. Nick Perez
On the part of the House

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CONFERENCE COMMITTEE REPORT

3rd Printing

S.J.R. No. 12

SENATE JOINT RESOLUTION

1 proposing a constitutional amendment relating to the exemption from
2 ad valorem taxation certain tangible personal property located in
3 the state.

4 BE IT RESOLVED BY THE LEGISLATURE OF THE STATE OF TEXAS:

5 SECTION 1. That Article VIII, Section 1, of the Texas
6 Constitution is amended to read as follows:

7 Sec. 1. (a) Taxation shall be equal and uniform.

8 (b) All real property and tangible personal property in this
9 State, unless exempt as required or permitted by this Constitution,
10 whether owned by natural persons or corporations, other than
11 municipal, shall be taxed in proportion to its value, which shall
12 be ascertained as may be provided by law.

13 (c) The Legislature may provide for the taxation of
14 intangible property and may also impose occupation taxes, both upon
15 natural persons and upon corporations, other than municipal, doing
16 any business in this State. It may also tax incomes of both
17 natural persons and corporations other than municipal, except that
18 persons engaged in mechanical and agricultural pursuits shall never
19 be required to pay an occupation tax.

20 (d) The Legislature by general law shall exempt from ad
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22 production of income and personal effects not held or used for the
23 production of income. The [~~7-and-the~~] Legislature by general law
24 may exempt from ad valorem taxation:

1 (1) all or part of the personal property homestead of a
2 family or single adult, "personal property homestead" meaning that
3 personal property exempt by law from forced sale for debt[~~7--from-ad~~
4 valorem-taxation]; and

5 (2) subject to Subsection (e) of this section, all other
6 tangible personal property, except structures which are personal
7 property and are used or occupied as residential dwellings and
8 except property held or used for the production of income.

9 (e) The governing body of a political subdivision may
10 provide for the taxation of all property exempt under a law adopted
11 under Subsection (d)(2) of this section and not exempt from ad
12 valorem taxation by any other law.

13 (f) To promote economic development in the state, tangible
14 personal property consisting of goods, wares, merchandise or ores,
15 other than oil, gas, and other petroleum products, is exempt from
16 ad valorem taxation if:

17 (1) the property is transported from outside this state into
18 this state to be forwarded outside this state, whether or not the
19 intention to forward the property outside this state was formed, or
20 the destination outside this state to which the property is
21 forwarded was specified when the transportation of the property
22 into this state began;

23 (2) the property is detained in this state for assembling,
24 storing, manufacturing, processing or fabrication purposes; and

25 (3) the property is not located or retained in this state
26 for more than 175 days.

27 (g) Tangible personal property exempted from taxation in

1 Subsection (f) of this section is subject to the following:

2 (1) A county, school district or municipality, including a
3 home-rule city, may tax such property, located in such political
4 subdivision, if the governing body of such named political
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7 (2) The above official action to tax all or a percentage of
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9 body of such above named political subdivisions either before
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24 property located in such above named political subdivisions for the
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6 action.

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9 business, shall not exceed one half of the tax levied by the state
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SJR-12 - A CONSTITUTIONAL AMENDMENT TO EXEMPT
FROM AD VALOREM TAXATION CERTAIN TANGIBLE PERSONAL PROPERTY

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House Version

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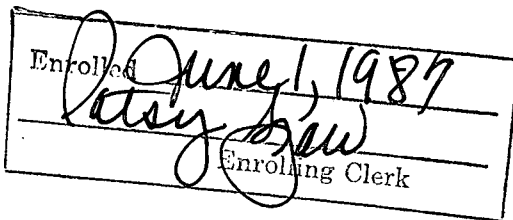
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Senate version

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House version except numbers change to conform to changes in Conference Committee report.

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S.J.R. No. 12

SENATE JOINT RESOLUTION

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 25 constitutional amendment providing for the exemption from ad
 26 valorem taxation of certain property that is located in the state

1 for only a temporary period of time."

President of the Senate

Speaker of the House

I hereby certify that S.J.R. No. 12 was adopted by the Senate on May 1, 1987, by the following vote: Yeas 27, Nays 2; May 30, 1987, Senate refused to concur in House amendments and requested appointment of Conference Committee; May 31, 1987, House granted request of the Senate; June 1, 1987, Senate adopted Conference Committee Report by the following vote: Yeas 29, Nays 1, one present not voting.

Secretary of the Senate

I hereby certify that S.J.R. No. 12 was adopted by the House, with amendments, on May 28, 1987, by the following vote: Yeas 144, Nays 1, one present not voting; May 31, 1987, House granted request of the Senate for appointment of Conference Committee; June 1, 1987, House adopted Conference Committee Report by the following vote: Yeas 138, Nays 0, two present not voting.

Chief Clerk of the House

LEGISLATIVE BUDGET BOARD

Austin, Texas

FISCAL NOTE

May 12, 1987

TO: Honorable Stan Schlueter, Chair In Re: Senate Joint Resolution No. 12,
Committee on Ways and Means as engrossed
House of Representatives By: McFarland
Austin, Texas

FROM: Jim Oliver, Director

In response to your request for a Fiscal Note on Senate Joint Resolution No. 12, as engrossed (proposing a constitutional amendment to exempt from ad valorem taxation certain tangible personal property temporarily located in the state) this office has determined the following:

The Texas Constitution states that all real and personal property in the State shall be taxed according to its value and provides that laws exempting property other than that mentioned therein are null and void.

The Tax Code provides that the State generally has the power to tax personal property if it is in the state for more than a temporary period, normally here but temporarily outside the State on January 1, or continually used in the State. The Code also provides an exception to this rule for goods, wares, ores other than oil, gas, and petroleum products, and merchandise that are in interstate commerce (and therefore exempt under federal law) or that are in the state for only a temporary period. The Code defines this temporary period to be no more than 175 days.

A number of local taxing jurisdictions regarded the statute as unconstitutional and appraised property, and levied and collected taxes on property covered by the statute. Taxpayers generally paid the taxes levied, but the matter finally was taken to court.

In a recent case (Dallas County Appraisal District v. L. D. Brinkman and Company, 701 S.W. 2d 20, Tex. App.--Dallas 1985, writ ref'd n.r.e.), the court declared this exception unconstitutional since the Texas Constitution does not expressly provide for any exemption. The court also ruled that the goods covered by the exception were not exempt under federal law since, in order to be exempt, they would have to be moving in interstate transit or stopped temporarily in the State for reasons unrelated to manufacturing, assembly, storage, and the other exempt processes listed in the Tax Code.

The resolution would amend the Texas Constitution to provide a self-enacting exemption for tangible personal property consisting of goods, wares, merchandise, and ores (other than oil, gas, and petroleum products) if the property originated and is eventually destined out of state, regardless of the intention when the property began its journey into the State, if it remains in Texas for 175 days or less to be assembled, stored, manufactured, processed, or fabricated.

The proposed amendment would authorize the governing body of a county, school district or municipality to prevent the exemption of the tangible personal property which is the subject of the proposal by taking official action before January 1, 1988, to provide for the taxation of all or a percentage of the appraised value of such property. After January 1, 1988, a governing body may rescind its action and such property would become exempt from taxation by the rescinding governmental unit.

Local units currently receiving revenue from taxing "freeport" property would experience a reduction in tax revenues should the proposed amendment be adopted and the local governing body not act to prevent the exemption. The revenue could be replaced by a related increase in tax rates, thereby shifting the tax burden to other property owners. The amount of such revenue cannot be estimated because of lack of data. Other jurisdictions which were allowing exemptions, would have potential revenue gain from the court's ruling, but these amounts of potential gain cannot be estimated with reasonable accuracy.

It is difficult to estimate the dollar amount of revenue that would be lost to local governments that would fail to act within the time set in the proposal because the appraisal districts that have been putting the property on the tax rolls have not segregated "freeport" values from other inventory values.

The resolution would be submitted to voters on November 3, 1987. The cost of publication of the resolution to the State is estimated to be \$45,000 in fiscal year 1988. No additional fiscal implication to the State government is anticipated.

Source: State Property Tax Board; Texas Economic Development Commission;
Secretary of State; LBB Staff: JO, HES, JWH, AM, AF

LEGISLATIVE BUDGET BOARD

Austin, Texas

FISCAL NOTE

REVISED
April 7, 1987

TO: Honorable Grant Jones, Chairman In Re: Senate Joint Resolution No. 12
Committee on Finance By: McFarland
Senate Chamber
Austin, Texas

FROM: Jim Oliver, Director

In response to your request for a Fiscal Note on Senate Joint Resolution No. 12 (proposing a constitutional amendment to exempt from ad valorem taxation certain tangible personal property temporarily located in the state) this office has determined the following:

The Texas Constitution states that all real and personal property in the State shall be taxed according to its value and provides that laws exempting property other than that mentioned therein are null and void.

The Tax Code provides that the State generally has the power to tax personal property if it is in the state for more than a temporary period, normally here but temporarily outside the State on January 1, or continually used in the State. The Code also provides an exception to this rule for goods, wares, ores other than oil, gas, and petroleum products, and merchandise that are in interstate commerce (and therefore exempt under Federal law) or that are in the state for only a temporary period. The Code defines this temporary period to be no more than 175 days.

A number of local taxing jurisdictions regarded the statute as unconstitutional and appraised property, and levied and collected taxes on property covered by the statute. Taxpayers generally paid the taxes levied, but the matter finally was taken to court.

In a recent case (Dallas County Appraisal District v. L. D. Brinkman and Company, 701 S.W. 2d 20, Tex. App.--Dallas 1985, writ ref'd n.r.e.), the court declared this exception unconstitutional since the Texas Constitution does not expressly provide for any exemption. The court also ruled that the goods covered by the exception were not exempt under Federal law since, in order to be exempt, they would have to be moving in interstate transit or stopped temporarily in the State for reasons unrelated to manufacturing, assembly, storage, and the other exempt processes listed in the Tax Code.

The resolution would amend the Texas Constitution to provide a self-enacting exemption for tangible personal property consisting of goods, wares, merchandise, and ores (other than oil, gas, and petroleum products) if the property originated and is eventually destined out of state, regardless of the intention when the property began its journey into the State, if it remains in Texas for 175 days or less to be assembled, stored, manufactured, processed, or fabricated.

Administrative costs would be increased somewhat for local units currently receiving revenue from taxing "freeport" property, should the proposed amendment be adopted, because they would need to distinguish between "freeport" and "non-freeport" property.

Local units currently receiving revenue from taxing "freeport" property would experience a reduction in tax revenues should the proposed amendment be adopted. The revenue could be replaced by a related increase in tax rates, thereby shifting the tax burden to other property owners. The amount of such revenue cannot be estimated because of lack of data. Other jurisdictions which were allowing exemptions, would have potential revenue gain from the courts ruling, but these amounts of potential gain cannot be estimated with reasonable accuracy.

Developing an estimate of the dollar amount of revenue that would be lost to local governments is difficult, because the appraisal districts that have been putting the property on the tax rolls have not segregated "freeport" values from other inventory values. However, they are reasonably well informed as to which taxpayers have such property included in their renditions of personal property.

The resolution would be submitted to voters on November 3, 1987. The cost of publication of the resolution to the State is estimated to be \$45,000 in fiscal year 1988. No additional fiscal implication to the State government is anticipated.

Source: State Property Tax Board; Texas Economic Development Commission;
Secretary of State; LBB Staff: JO, HES, JWH, AM, AF

LEGISLATIVE BUDGET BOARD

Austin, Texas

FISCAL NOTE

March 2, 1987

TO: Honorable Grant Jones, Chairman In Re: Senate Joint Resolution No. 12
Committee on Finance By: McFarland
Senate Chamber
Austin, Texas

FROM: Jim Oliver, Director

In response to your request for a Fiscal Note on Senate Joint Resolution No. 12 (proposing a constitutional amendment to exempt from ad valorem taxation certain tangible personal property temporarily located in the state) this office has determined the following:

The Texas Constitution states that all real and personal property in the State shall be taxed according to its value and provides that laws exempting property other than that mentioned therein are null and void.

The Tax Code provides that the State generally has the power to tax personal property if it is in the state for more than a temporary period, normally here but temporarily outside the State on January 1, or continually used in the State. The Code also provides an exception to this rule for goods, wares, ores other than oil, gas, and petroleum products, and merchandise that are in interstate commerce (and therefore exempt under Federal law) or that are in the state for only a temporary period. The Code defines this temporary period to be no more than 175 days.

In a recent case (Dallas County Appraisal District v. L. D. Brinkman and Company, 701 S.W. 2d 20, Tex. App.--Dallas 1985, writ ref'd n.r.e.) the court declared this exception unconstitutional since the Texas Constitution does not expressly provide for any exemption. The court also ruled that the goods covered by the exception were not exempt under Federal law since, in order to be exempt, they would have to be moving in interstate transit or stopped temporarily in the State for reasons unrelated to manufacturing, assembly, storage, and the other exempt processes listed in the Tax Code.

The resolution would amend the Texas Constitution to provide a self-enacting exemption for tangible personal property consisting of goods, wares, merchandise, and ores (other than oil, gas, and petroleum products) if the property originated and is eventually destined out of state, regardless of the intention when the property began its journey into the State, if it remains in Texas for 175 days or less to be assembled, stored, manufactured, processed, or fabricated. The resolution would be submitted to voters on November 3, 1987.

The cost of publication of the resolution to the State is estimated to be \$45,000 in fiscal year 1988.

Appraisal districts containing "freeport" property that might be exempt would experience a reduction in the value of their tax base and a corresponding reduction in tax revenues. It is difficult to estimate the amount of such property on a statewide basis and even more difficult to estimate the potential loss in tax levies. However, a survey of the ten appraisal districts that are likely to have the most "freeport" property in Texas revealed the potential taxable value reductions shown below.

Estimates of Taxable Value Reductions Selected Appraisal Districts

Harris County	\$2,123,000,000
Nueces County	150,000,000
El Paso County	200,000,000
Potter--Randall Counties	38,551,800
Jefferson County	851,000,000
Wichita County	82,000,000

Dallas County	Data not available
Tarrant County	1,700,000,000
Cameron County	<u>25,000,000</u>
Total	\$5,169,551,800

Taxing units would experience a decrease in property tax revenue as a result of the resolution's proposals. The revenue loss among the taxing units in the nine county appraisal districts listed above would probably exceed \$70 million annually. However, since "freeport" property is not evenly distributed among all taxing units and since data on this type of property is not readily available, the amount of the statewide revenue loss cannot be determined.

Additionally, appraisal districts with significant amounts of "freeport" property would experience a savings as a result of not having to prepare and maintain appraisal records of such property. These savings would be offset, and possible exceeded, by the increased costs associated with conducting investigations to distinguish between "freeport" and "non-freeport" property. The amount of these savings and additional costs cannot be determined.

Similar annual fiscal implications would continue as long as the provisions of the resolution are in effect.

No fiscal implication to the State is anticipated.

Source: State Property Tax Board; Texas Economic Development Commission;
Secretary of State; LBB Staff: JO, HES, JWH, AM, LV

X;CT3a;

S.J.R. 12 (1)
S.B. No. 12 (1)

President of the Senate

Speaker of the House

I hereby certify that S.B. No. 12 (1) ^{J.R.} ~~passed~~ ^{was adopted by} the Senate on May 1 (2), 1987, by the following vote:
Yeas 27 (3), Nays 2 (4); May 30 (5), 1987,
Senate refused to concur in House amendments and requested
appointment of Conference Committee;
May 31 (6), 1987, House granted request of the
Senate; June 1 (7), 1987, Senate adopted
Conference Committee Report by the following vote: Yeas 29 (8),
Nays 1 (9), one present not voting.

Secretary of the Senate

X;CT3b;

I hereby certify that S.B. No. 12 (1) ^{J.R.} ~~passed~~ ^{was adopted by} the House,
with amendments, on May 28 (2), 1987, by the
following vote: Yeas 144 (3), ^{one present not voting} Nays 1 (4);
May 31 (5), 1987, House granted request of the
Senate for appointment of Conference Committee;
June 1 (6), 1987, House adopted Conference
Committee Report by the following vote: Yeas 138 (7),
Nays 0 (8), two present not voting.

Chief Clerk of the House

Approved:

Date

Governor

(6)

Proposing a constitutional amendment to exempt from ad valorem taxation certain tangible personal property temporarily located in the state.

JAN 27 1987

JAN 27 1987

Filed with the Secretary of the Senate

Read and referred to Committee on FINANCE

MAR 4 1987

Reported favorably _____

Reported adversely, with favorable Committee Substitute; Committee Substitute read first time.

Ordered not printed

Laid before the Senate

MAY 1 1987

Senate and Constitutional Rules to permit consideration suspended by:

unanimous consent

____ years, ____ nays

MAY 1 1987

Read second time, amended, and ordered engrossed by:unanimous consent
a viva voce vote

____ years, ____ nays

MAY 1 1987

Caption ordered amended to conform to the body of the bill.

MAY 1 1987

Senate and Constitutional 3 Day Rule suspended by a vote of 27 years, 2 nays.

MAY 1 1987

Read third time, _____, and passed by 27 years, 2 nays.

Betty King

SECRETARY OF THE SENATE

OTHER ACTION:

May 1, 1987

Engrossed

MAY 4 1987

Sent to House

Patsy Saw

Engrossing Clerk

MAY 4 1987

Received from the Senate

MAY 5 1987

Read first time and referred to Committee on Ways & Means

5-20-87

Reported favorably amended, sent to Printer 2:35 pm MAY 22 1987

MAY 22 1987

Printed and Distributed 7:22 pm

MAY 23 1987

Sent to Committee on Calendars 2:21 pm

MAY 27 1987

Read second time amended and finally adopted passed to third reading by
failed adoption by Record Vote of 97 yeas, 29 nays, 3 present not voting.

MAY 28 1987

Read third time amended and finally adopted
failed adoption by a Record Vote of 144 yeas, 1 nays, 1 present not voting.

MAY 28 1987

Caption ordered amended to conform to body of resolution

MAY 29 1987

Returned to Senate.

Betty Murray

CHIEF CLERK OF THE HOUSE

Returned from House without amendment.

MAY 29 1987

Returned from House with 2 amendments.

Concurred in House amendments by a viva voce vote _____ yeas, _____ nays.

MAY 30 1987 Refused to concur in House amendments and requested the appointment of a Conference Committee to adjust the differences.

Senate conferees instructed.

MAY 30 1987 Senate conferees appointed: McFarland, Chairman; Anderson, Farabee, Caperton, and Blake

5/31 House granted Senate request. House conferees appointed: Berlanga, Chairman; Cavazos, Cuellar, Warner & Reyes

5/30/87 Conference Committee Report read and filed with the Secretary of the Senate.

JUN 1 1987 Conference Committee Report adopted on the part of the House by: _____

{ a viva voce vote
138 yeas, 0 nays 2 PNV

JUN 1 1987 Conference Committee Report adopted on the part of the Senate by: _____

{ a viva voce vote
29 yeas, 1 nays 1 PNV

OTHER ACTION:

_____ Recommended to Conference Committee

_____ Conferees discharged

_____ Conference Committee Report failed of adoption by: _____

{ a viva voce vote
_____ yeas, _____ nays